

Comptroller

26 October 1954

Chief, Technical Accounting Staff

Present Agency Policy as to the Use of Proceeds from Sale of Personal Property.

1. No Agency regulatory issuance has been released to prescribe present Agency policy concerning the use of proceeds from sales of personal property; however, pursuant to your request a member of this Staff has reviewed with representatives of the Fiscal and Finance Divisions the procedures in effect with respect to the accounting for the proceeds of sale of personal property. A summarization of these procedures is stated below.

2. Accounting by Fiscal Division

a. Recordings made by the Fiscal Division of transactions covering proceeds for the sale of personal property are applied toward the purchase of new property when the purchase is for replacement purposes, as provided for by Public Law No. 600, Section 8, dated 2 August 1946, and are in general accord with the procedures as prescribed in General Accounting Systems Memorandum No. 23, Revised, dated 19 June 1953.

b. Prior to 1 July of this year if the obligation for the purchase of the replacement had been incurred at the time of disposal of the item to be replaced, the proceeds were applied as a direct reimbursement to the appropriation account from which the procurement was made. Since 1 July 1954 proceeds from the sale or exchange of items indicated to be part of a replacement transaction are credited to a deferred credit account pending the issuance of procedures which are currently in process of preparation.

The proposed procedures will provide for the clearance of these amounts from the deferred credit account based on a quarterly report of completed replacement transactions to be furnished by the operating segment of the Agency responsible for the purchase of the new item and disposal of the items being replaced. These recordings will reflect the proceeds as a reimbursement to the appropriation. In the event an obligation relating to a replacement transaction is not established during the fiscal year in which the sale of the item to be replaced is made or within the following fiscal year the proceeds shall be cleared from the deferred credit account and treated as Miscellaneous Receipts to be paid into the U. S. Treasury in accordance with the time limitation stated in General Accounting Systems Memorandum No. 23, Revised.

- d. Proceeds of disposal of surplus items or of items not to be replaced are immediately treated as Miscellaneous Receipts.
- 3. Accounting by Finance Division
- a. Up to and including the 1953 fiscal year transactions covering proceeds from the sale of personal property have been held by the Finance Division as deferred credits during the fiscal year in which received.
- b. It has been the practice for a determination to be made by the Comptroller each year as to the disposition to be made of such proceeds, and, except for those received during the fiscal year 1954 and the current fiscal year, all such proceeds have been deposited with the Department of the Treasury as Miscellaneous Receipts. The proceeds for 1954 and 1955 are held for application against the cost of replacements to the extent appropriate under the new procedures relating to this subject which are in process of preparation. The proposed procedures will provide for the clearance of the amounts from the deferred credit account in the same manner as described above under the accounting by the Fiscal Division.
- 4. A headquarters regulation is being prepared covering this matter to provide general operating policies and procedures consistent with the provisions of the General Accounting Systems Memorandum referred to above. Detailed operating procedures for both the Fiscal and Finance Divisions are also being prepared.

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